(d) to (f) Government, in consultation with SEBI and RBI analyse the economic indicators and formulate policy after taking cognizance of dynamics of the capital markets and the Indian economy. As such raising capital from India or overseas is the individual choice of the companies. However, the growing trend towards raising money from overseas market could be due to the cost of raising funds overseas and various factors in issuance of bonds, the structure, tenor, rating etc. and trading platforms available with differential disclosure and listing requirements.

National Investment Fund

169. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) what are the details of National Investment Fund (NIF);

(b) whether funds are drawn from NIF to revive sick PSUs and other social sector schemes;

(c) if so, the details of the source and current corpus of NIF and the quantum of fund withdrawn from it and utilized during the last five years, year-wise;

(d) whether Government propose to disinvest its holding in certain power PSUs and invest the proceeds in NIF; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI.S.S. PALANIMANICKAM): (a) Government has constituted a "National Investment Fund" (NIF) in November, 2005, into which the proceeds from disinvestment of equity in PSUs would be channelised. The corpus of NIF will be of a permanent nature. NIF will be professionally managed to provide sustainable returns to the Government without depleting the corpus. Selected Public Sector Mutual Funds will be entrusted with the management of the corpus of NIF. 75% of the annual income will be used to finance selected social sector schemes, which promote education, health and employment. The residual 25% of the annual income of NIF will-be used to meet the capital investment requirements of profitable and revivable PSUs.

(b) and (c) Till date, No funds have accrued to NIF.

(d) and (e) Government has recently approved an 'Offer for Sale' of 10%, 5% and 5% of the pre-issue paid-up equity capital of Rural Electrification Corporation Ltd. (REC), Power Grid Corporation of India Ltd. (PGCIL) and National Hydro-electric Power Corporation Ltd. (NHPC) respectively, out of its shareholding, alongwith the fresh issue of equity equal to 10% of pre-issue paid-up equity capital each of REC, PGCIL and NHPC.

The proceeds from disinvestment of Government's equity in REC, PGCIL and NHPC will be credited to NIF.

License to NGOs for micro finance

170. SHRI SURENDRA LATH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that NGOs are being given licence for making micro finance in rural areas;

(b) whether Government have given any guidelines for NGOs for their micro finance operations;

(c) whether it is also a fact that NGOs are charging 25 to 30 per cent of interest to the loan provided under micro finance scheme; and

(d) if so, the steps taken by Government to safeguard the interest of rural poor people?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Non Governmental Organisations (NGOs) generally extend micro finance in rural and urban areas as and add on activity and are mostly registered as either societies under Societies Registration Act, 1860 or Trusts under Indian Trust Act, 1882 or non profit organisation under Section 25 of Companies Act, 1956. No license is required for this.

(b) No, Sir.

(c) and (d) Micro Finance Institutions (MFIs) determine the rate of interest they charge from Self Help Groups (SHGs) or members of SHGs based on the cost of funds, transaction cost, risk cost and profit margin, etc. There is a wide variation in the rate of interest ranging from 15% to 36%